

UNITED STATES DISTRICT COURT
WESTERN DISTRICT OF TEXAS
WACO DIVISION

UNITED STATES OF AMERICA

*

V.

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CRIMINAL NO. W-11-CR-154

DAVID HOLT PALMER

*

FACTUAL BASIS

Had this case proceeded to trial, the United States Attorney for the Western District of Texas was prepared to prove and would prove beyond a reasonable doubt that:

On or about January 21, 2010, in the Western District of Texas, Defendant,

DAVID HOLT PALMER,

knowingly caused the transmission of a program, information, code, and command, and, as a result of such conduct, intentionally caused damage, without authorization, to a protected computer, and the offense caused a loss to a person or persons during a one-year period from the Defendant's course of conduct, affecting a protected computer, aggregating at least \$5,000 in value, in violation of Title 18, United States code, Sections 1020(a)(5)(A) and (c)(4)(B).

Specifically, the United States Attorney would prove beyond a reasonable doubt that:

On January 23, 2010, Skip Carruth, Vice-President-Commercial Services, McLane Advanced Technologies, contacted Special Agent Steven Baskerville, United States Secret Service, of the possible unauthorized access to the company's computer network which caused a disruption of operations. McLane Advanced Technologies controls and administers a number of private, protected computers and servers for various clients through the United States. McLane is located in Temple, Bell County, Texas, which is in the Waco Division of the Western District of Texas.

Mr. Carruth explained that their servers, along with associated servers located in Texas and throughout the United States, had been accessed in an unauthorized manner by someone using the username of "Palmer, David.Palmer," and "Palmer Lt." McLane suffered a significant amount of damage when the person using the above usernames accessed the protected computers and sent commands to delete/change certain key files and databases, to include payroll databases. Mr. Carruth notified agents that they suspected a former employee, DAVID PALMER. PALMER had been terminated on December 31, 2009, and his user name and access was disabled by the company.

Special Agent Baskerville obtained the server logs and corresponding network maps regarding the network compromise. Agent Baskerville discovered that on the day of PALMER's termination his known user log-on was disabled by McLane, but the others were not because McLane was not aware of and did not authorize PALMER to set up additional user log-ons.

On January 21, 2010, the Prattville, Alabama Lone Star Plastics facility notified McLane Group that the facility in Alabama could not access their server located in Garland, Texas. Lone Star Plastics is a customer of McLane. It was soon discovered that files had been intentionally deleted which caused the Lone Star Plastics system to shut down. It was also discovered that the punch clock software was missing as well as payroll records. The damage to Lone Star Plastics computer systems was done from the user account of "Palmer Lt," which was tracked to a certain IP address located at Bikini's Sports Bar and Grill in Austin, Texas. Other investigative steps were taken relating to other intrusions and resolved to different IP addresses, including Buffalo Wild Wings in Waco, Texas, and David H. Palmer at an address in Temple, Texas.

Lone Star Plastics, which is located in Garland, Texas, and Prattville, Alabama, manufactures plastics for customers located through the United States. McLane Advanced Technologies is a contractor who provides IT services to companies all over the United States, such as Wal-Mart.

Investigators learned that the intrusion into the Lone Star Plastics computer system caused over \$5,000 in loss, based on all the actions necessary to restore the system, pay contractors, outages, loss of clients, restoring of the files and programs, etc.

On March 29, 2010, Agent Baskerville interviewed the Defendant, DAVID HOLT PALMER. After advising the Defendant of his constitutional protections, PALMER admitted that he intentionally accessed Lone Star Plastics computer systems from the Bikini Sports Bar in Austin, Texas, which is located in the Western District of Texas. PALMER stated he was frustrated with McLane for refusing his Texas Workforce Commission request for unemployment. PALMER stated he formatted the secondary drive on one of the Lone Star Plastics server, unjoined one of their systems from the domain, but did not keep the financial data or information. PALMER stated he logged on to Capstone Mechanical, another company, with the intention to delete company files. PALMER stated that the reason for logging into the servers was to create general havoc and disorder for McLane Advanced Technologies the following day. PALMER told agents which user names he had used.

PALMER did not have authorization to access the McLane, Lone Star Plastic or Capstone computer systems. They are protected computers because they are computers which are used in and affect interstate or foreign commerce. The loss caused by the Defendant to the companies in the aggregate is in excess of \$5,000.

Respectfully submitted,

JOHN E. MURPHY
United States Attorney

/s/ Gregory S. Gloff

By: GREGORY S. GLOFF
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